

# Ruffer UK Mid and Smaller Companies

Positive results from UK mid and smaller companies



January 2017 Issue 56

The fund's C capitalisation shares rose 0.6% from £ 202.51 to £203.63 over the month whilst the FTSE 250 Total Return index rose 0.5% and the FTSE Small Cap Total Return index rose by 1.4%.

After a year of surprises in 2016 we moved into 2017 with ongoing concerns around market valuation levels and trepidation around future reactions to the new and evolving political landscape we now face. Following the market rally into the year-end we have seen the market pause for breath as it eases back from its highs. Within the fund there were very stock specific drivers behind the performance.

On the positive side of the ledger, we were pleased to see strong half year results and a subsequent positive trading statement, reflecting further momentum into the new year, from Games Workshop. The stock continued its strong run from December and rose a further 20% adding 90 basis points (bps) to the fund. Other names adding to performance included Headlam Group, which continues its journey under the new leadership of Stephen Wilson following his move across from Chief Financial Officer to Chief Executive Officer, and Cape which continued to produce a very robust operating performance in spite of the ongoing uncertainty surrounding the industrial diseases litigation risk.

Detracting from performance we had Finsbury Food Group, whose share price came under pressure as concerns mounted regarding increasing input commodity prices and how successfully these can be mitigated and/or passed on to customers. Falling a little over 10% in the month this cost the fund 112bps. We visited the team up at their Hamilton site in the month and discussed these issues at length and continue to believe that following the successful integration of the Fletchers and Johnston's acquisitions the company remains in pole position to act as a consolidator in the industry.

Van Elle, a new name to the fund in October last year, announced its maiden half year results which undermined the market's confidence as it became evident that the seasonality of the business was not truly understood. After a strong run since its initial public offering, the shares fell 15% and cost the fund 44bps. As is common at the start of many of our investments we also visited one of the Van Elle facilities in the month and look forward to its potential going forward with its direct exposure to an uptick in housebuilding, rail and road infrastructure spending.

We remain comfortable with our portfolio and the strength and resilience many of our investments have through strong and experienced management teams and robust balance sheets. With the 'little inflation' period now starting to take effect, many of these investments are focused on planned self-help initiatives.

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## Investment objective

The investment objective of the sub-fund is to achieve positive returns from an actively managed portfolio mainly of equities and equity-related securities of companies admitted to or dealt on a Regulated Market or Other Regulated Market in the United Kingdom and with market capitalisations below the level which would warrant inclusion in the FTSE 100 Index.

## Performance since launch on 26 June 2012 – C class shares GBP



Performance %	January 2017	Year to date	1 year	3 years	5 years	10 years
C capitalisation shares	0.6	0.6	6.3	33.3	na	na

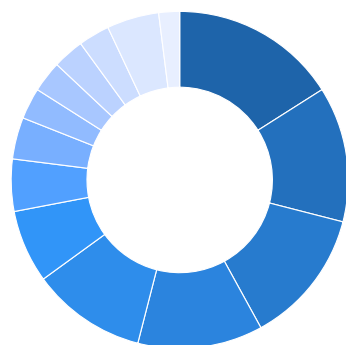
Percentage growth (C GBP cap)	%	Share price as at 31 January 2017	£
31 Dec 2015 – 31 Dec 2016	6.5	<b>O capitalisation GBP</b>	<b>200.42</b>
31 Dec 2014 – 31 Dec 2015	20.1	<b>C capitalisation GBP</b>	<b>203.63</b>
31 Dec 2013 – 31 Dec 2014	3.6	<b>C distribution GBP</b>	<b>182.80</b>
31 Dec 2012 – 31 Dec 2013	34.3	<b>Z capitalisation GBP</b>	<b>214.67</b>
31 Dec 2011 – 31 Dec 2012	na	<b>Z distribution GBP</b>	<b>188.81</b>

Source: Ruffer LLP

Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.

# Ruffer UK Mid and Smaller Companies as at 31 Jan 2017

## Portfolio structure



Asset allocation	%		%
• Industrial engineering	16	• Options	4
• Retail	13	• Media	3
• Support services	13	• Oil and gas	3
• Food and beverage	12	• Industrial services	3
• Building	11	• Travel and leisure	3
• Technology	7	• Other	5
• Financial	5	• Cash	2

## 10 largest of 55 equity holdings

Stock	% of fund	Stock	% of fund
Finsbury Food	8.1	Eurocell	4.0
Headlam	6.6	Cape	3.7
Castings	5.8	Volex	3.4
Games Workshop	5.5	Epwin	3.3
FTSE 250 Short ETP	4.1	BP	3.2

Source: Ruffer LLP

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The fund data displayed is designed only to provide summary information and the report does not explain the risks involved in investing in the fund. Any decision to invest must be based solely on the information contained in the Prospectus, Key Investor Information Document and the latest report and accounts.

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Fund size £231.6m

## Fund information

Ongoing Charges Figure %	Cap	Dis	
O class GBP	1.64	na	
C class GBP	1.31	1.31	
Z class GBP	0.15	0.15	
%	O class	C class	Z class
Maximum annual management fee	1.5	1.2	0.0
Maximum initial charge	5.0	5.0	7.5
Minimum investment £	£1,000	£10m	£30m
Record date	Third Monday of November		
Ex dividend dates	Next NAV following the record date		
Payment	Within five business days after ex dividend date		
Dealing	Weekly, every Tuesday (if not a business day, on the following business day) Plus on the first business day of each month		
Cut-off	4pm Luxembourg time on the day before valuation day (so typically Friday and the penultimate business day of the month)		
ISIN	O class	C class	Z class
Cap	LU0788206679	LU0788036498	LU0788036654
Dis	LU0788036571	LU0788036738	
Structure	Sub fund of Ruffer SICAV, a Luxembourg domiciled UCITS SICAV		
Management company, administrative agent, registrar and transfer agent, paying and domiciliary agent	FundPartner Solutions (Europe) S.A.		
Investment manager	Ruffer LLP		
Custodian	Pictet & Cie (Europe) S.A.		
Auditors	Ernst & Young S.A.		

## Fund Manager

### Trevor Wild

RESEARCH DIRECTOR



Worked for BZW from 1983, where he led a number of successful research teams, joining Commerzbank in 1999 to begin his career as a Portfolio Manager. In 2005 moved to Lehman Brothers as Managing Director of the Long Term Value Fund. Joined Ruffer in 2008.

## Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 January 2017, assets managed by the Ruffer Group exceeded £20.8bn, of which over £11.6bn was managed in open-ended Ruffer funds.

## Enquiries

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